

Message Text

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ACTION EUR-12

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UNCLAS QUEBEC 0005

EO 11652: NA
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SUBJ: REACTION TO SUN LIFE DECISION TO LEAVE QUEBEC

REF: MONTREAL 043

1. ALTHOUGH CLEARLY ANGRY OVER SUN LIFE ASSURANCE CO DECISION TO MOVE HEAD OFFICE TO TORONTO (REFTEL), PQ LEADERS MAY SUCCEED IN TURNING EVENT INTO A POLITICAL PLUS. FINANCE MINISTER PARIZEAU'S CHARACTERIZATION OF SUN LIFE AS QUEBEC'S "WORST CORPORATE CITIZEN" HAS STRUCK A RESPONSIVE CHORD AMONG FRANCOPHONES WE HAVE SPOKEN TO SINCE SUN LIFE BOMBSHELL WAS DROPPED LAST FRIDAY.

2. TO MANY HERE SUN LIFE IS CLASSIC EXAMPLE OF UNRECONSTRUCTED MONTREAL ANGLO CORPORATION WHICH HAS BEEN EXPLOITING FRANCO-PHONES HERE FOR YEARS WHILE KEEPPING THEM FROM TOP MANAGEMENT POSITIONS. WHILE SUN LIFE'S OFFICES SERVING THE PROVINCE (INCLUDING THOSE IN QUEBEC CITY) ARE STAFFED BY FRANCOPHONES, THE MONTREAL HEAD OFFICES ARE LARGELY ANGLOPHONE. ONLY TWO OF THE COMPANY'S 21 BOARD MEMBERS ARE FRANCOPHONE. ALTHOUGH PARIZEAU'S CLAIM THAT THE COMPANY HABITUALLY INVESTS OUTSIDE THE
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PROVINCE A LARGE PROPORTION OF THE MONEY IT COLLECTS IN QUEBEC HAS BEEN DENIED BY SUN LIFE PRESIDENT THOMAS GALT, THE CHARGE IS GIVEN WIDESPREAD CREDENCE HERE. THE FACT THAT SUN LIFE, WHILE CITING THE LANGUAGE STRICTURES OF BILL 101 AS A PRIME REASON FOR ITS DECISION TO MOVE, HAD NOT EVEN CONTACTED THE OFFICE DE LA LANGUE FRANCAISE TO ATTEMPT TO WORK OUT PROBLEMS HAS REINFORCE THE IMPRESSION HERE THAT SUN LIFE WAS

ACTING HIGHHANDEDLY WITHOUT REGARD FOR THE INTERESTS OF THE PEOPLE OF QUEBEC. THERE IS ALSO ANGER OVER THE FACT THAT SUN LIFE DID NOT EVEN INFORM THE GOQ PRIOR TO ITS ANNOUNCEMENT -- PARIZEAU FUMED THAT HE WAS OBLIGED TO SEND HIS SECRETARY TO MONTREAL TO OBTAIN A COPY OF THE COMPAN'S PRESS RELEASE. THAT ANGER MAY BE TAKING SUBSTANTIVE SHAPE: PRESS REPORTS INDICATE THAT UNION LEADERS REPRESENTING HYDRO-QUEBEC EMPLOYEES HAVE REQUESTED HYDRO TO TRANSFER TO ANOTHER FIRM THE POLICIES IT NOW HAS WITH SUN LIFE.

3. COMMENT: THERE IS NO QUESTION THAT THE DEPARTURE OF SUN LIFE IS A SEVERE BLOW FOR QUEBEC (AND PROBABLY FOR CANADA). FROM OUR VIEWPOINT HERE AT SOME DISTANCE FROM THE EPICENTER OF THE SHOCK IN MONTREAL, HOWEVER, PARIZEAU'S DAMAGE-CONTROL OPERATION HAS BEEN EFFECTIVE, DESPITE SOME FEELING THAT HE HAD GONE TO FAR IN THREATENING TO FORCE "REPATRIATION" OF DOLS 400 MILLION IN QUEBEC FUNDS HELD BY THE COMPANY. AS ONE PERSON I SPOKE TO TODAY SHRUGGED: "WHO CAN CRY OVER THE DEPARTURE OF ANOTHER ENGLISH FIRM THAT HAS BEEN GROWING FAT AT OUR EXPENSE FOR YEARS? IN THE LONG RUN, WE ARE BETTER OFF WITHOUT THEM."

BOSWELL

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